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宝德科技集团股份有限公司

POWERLEADER SCIENCE & TECHNOLOGY GROUP LIMITED*

(a joint stock company incorporated in the People’s Republic of China with limited liability)

(Stock Code: 8236)

**SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO
ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

Reference is made to the annual report for the year ended 31 December 2017 (the “**Annual Report**”) of the Powerleader Science & Technology Group Limited* (the “**Company**”) dated 29 March 2018. Unless otherwise stated, terms used in this announcement shall have the same meaning as those defined in the Annual Report.

In accordance with Rule 18.41 of the Rules Governing the Listing of Securities on the GEM of Stock Exchange (“**GEM Listing Rules**”), the Board hereby provides additional information regarding an impairment loss of RMB32,053,773.81 on intangible assets recorded during the year ended 31 December 2017 (the “**Impairment**”) as disclosed in Note 42 on Page 121 of the Annual Report. The reasons for and basis of determination of the Impairment are illustrated as follows:

I. The nature of intangible assets related to the Impairment

Such intangible assets include seven R&D projects which are mainly related to autonomous and controlled servers, namely customized 4-way server (6U-400 project), 8-way server (Dapeng Bay project), high-end 4-way server (Dazhong Temple project), next-generation of 2-way server (Shiyan Lake project), Powerleader CDN project, Powerleader home server system as well as Powerleader desktop cloud.

* *For identification purpose only*

II. Reasons for the Impairment

For the year ended 31 December 2017, the major customer group for R&D projects of such intangible assets include government and military, the commercial value is not high and enterprises rarely use them. Since the Company's sales performance in the government and military sector was poor, it was not possible to enter into such market in a short period of time and thus moving into this sector will require more time. In addition, the Powerleader CDN project, Powerleader home server system and Powerleader desktop cloud projects were not able to generate sizeable sales due to their weak market competitiveness.

III. Details of provision for the Impairment amount

According to the data for the year ended 31 December 2017, total sales generated from R&D projects of such intangible assets was not high and it is expected that it will be very likely that the income to be generated in future may not be able to make up for the balance of R&D expenses invested which have not been fully amortised. Considering the above situation and based on the prudence principle, the Company made a full provision for the impairment for the intangible assets which have not been fully amortised.

Details of the provision of the Impairment for the intangible assets are set out in the following table:

R&D Projects	Start Date of R&D	Completion Date of R&D	Original Completion Date of Amortisation	Balance as at 31 December 2017 (RMB)	Sales Revenue as at 31 December 2017 (RMB)	Gross Profit as at 31 December 2017 (RMB)
4-way server (6U-400 project)	April 2013	September 2015	August 2018	2,693,567.52	2,175,764.95	179,835.93
8-way server (Dapeng Bay project)	January 2014	June 2016	May 2019	8,215,070.18	1,459,829.06	265,520.79
High-end 4-way server (Dazhong Temple project)	January 2014	June 2016	May 2019	7,584,205.38	1,591,104.27	282,666.81
Next-generation of 2-way server (Shiyan Lake project)	January 2014	December 2016	November 2019	11,120,718.92	3,197,266.68	431,647.95
Powerleader CDN project	August 2015	December 2016	November 2019	989,897.59	—	—
Powerleader home server system	May 2015	December 2016	November 2019	885,296.94	—	—
Powerleader desktop cloud	July 2015	December 2016	November 2019	565,017.28	—	—
Total	—	—	—	<u>32,053,773.81</u>	<u>8,423,964.96</u>	<u>1,159,671.48</u>

As noted from the above table, total sales revenue generated by the seven R&D projects in 2017 was RMB8,423,964.96 with total gross profit of only RMB1,159,671.48. The contribution by gross profit was relatively very small comparing to the total balance of intangible assets of RMB32,053,773.81 as at 31 December 2017. Considering the products will have low sales volumes in the later stage, low commercial value and long pay-back period for the investments, based on the prudence principle, the Company made the full provision for impairment for the intangible assets which have not been fully amortised.

Save as disclosed above, all other information disclosed in the Annual Report remains unchanged.

By order of the Board
Powerleader Science & Technology Group Limited*
Dong Weiping
Company Secretary

Shenzhen, the PRC
22 August 2018

As at the date of this announcement, the Board comprises 6 directors, including executive directors Ms. Zhang Yunxia and Mr. Dong Weiping; non-executive director Mr. Li Ruijie and independent non-executive directors Mr. Chan Shiu Yuen Sammy, Dr. Guo Wanda and Mr. Jiang Baijun.

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from its date of publication and the Company’s website at www.powerleader.com.cn.